World Bank Assistance to States

5966. SHRI VIREN J. SHAH: Will the Minister of FINANCE be pleased to state:

(a) whether World Bank has expressed its readiness to offer upto dollar 500 million to each State Government for undertaking "upfront Reform" in infrastructure taxation and pricing of agricultural inputs as reported in the "Times of India" of the 7th October, 1994;

(b) if so, what are the facts and details in this regard; and

(c) how Government propose to proceed in this proposal with a view to ensure that loans to each State are given according to their requirements and the States carry out the desired reforms efficiently and effectively?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (c): There have been some preliminary discussions with the Bank regarding possible structural adjustment loans to State Governments. These loans are intended to be non-project tied and to provide quick disbursing resources to State Governments in support of State level reforms including infrastructure taxation and pricing of agricultural inputs.

Collection of Excise Duty from Powerlooms

5967. SHRI VIREN J. SHAH: Will the Minister of FINANCE be pleased to state:

(a) whether the attention of Government has been drawn to the report published in the Observer of October 17, 1994 under the caption "Powerlooms, Bills evade 1,344 crores excise duty";

(b) if so, what are the facts and necessary details;

(c) what were the targets and actual collection of excise duty from the powerloom and mill sector during the years 1992-93, 1993-94 and 1994-95, separately, and

(d) what machinery has been evolved to detect and check the evasion of excise duty and what are its actual achievements during the period mentioned above?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (d) Yes, Sir. Government is aware of the report published in the Observer dated 17.10.94 regarding alleged evasion of duty by powerloom and mill sectors.

In respect of processed fabrics, duties of excise are under-stood to be evaded through clandestine removal, suppression of production, misdeclaration of fabrics and their value. Being concerned at such evasion, the Department has intensified various checks and preventive activities and has taken deterrent action against tax evaders.

Regarding achievements in the area of anti-evasion details of detections made by the Department are given in statement-I. (*See* below)

Besides, the Government have also proposed few changes in the Central Excise Tariff, as part of Budget proposals for 1995-96, which are expected to reduce the scope for disputes and evasion of duty. These include realignment of Chapters on Textiles and Textile articles with the Harmonized Systems Nomenclature levy of excise duty at the rate of Rs. 10 per kilo on waste and scrap of yarn and prescribing the same rate of duty on yarn made predominently from synthetic waste and yarn made from staple fibre.

(c) The details are given in Statement-II (*See* below)